

COST RECOVERY

- a) All Market Development Fund costs as defined in Attachment C shall be charged against the overcollected balance of Gross Receipts and Franchise Tax of \$2.9 million addressed in the Board Order of February 2, 2000 in Docket Nos. EA00010007 and GA00010008. If it becomes apparent that the \$2.9 million is inadequate to absorb the Market Development Fund costs, the Company reserves the right to file a proposal for a supplemental recovery mechanism with the Board. When TPS consolidated bill credits are no longer in effect, should the overcollected balance exceed the recoveries delineated in this Paragraph, the remaining balance will be applied to costs in Paragraph (b) herein.
- b) The utilities shall file a verified petition with the Board in order to establish the reasonableness of the following start-up costs not delineated in (a) above, incurred by the utilities to initiate the terms of this Settlement: costs incurred to develop consolidated billing pursuant to Paragraphs 3, 5 and 6 and upgraded meter access pursuant to Paragraph 9, not otherwise recovered from TPSs. These electric and gas restructuring costs shall be subject to deferred accounting and are recoverable from all customer classes eligible to obtain electric generation service from state licensed

TPSs. The Ratepayer Advocate reserves its right to argue, at the time the utility files for recovery of costs referenced in this paragraph, that the cost recovery charges should apply to OTRA and special contract customers. All costs found to be reasonable by the Board shall be recovered by the utility via a clause mechanism on a per customer basis, with interest from the date costs are incurred, calculated pursuant to paragraph (c).

- c) For the recovery of costs identified in b above for gas utilities this clause will be initially set at the time the individual gas SBC charges are reset. For electric utilities deferred amounts for b above will be recovered over no more than a two-year period starting in August 2003. The interest rate on all deferred costs will be based on seven-year constant maturity treasuries as shown in the Federal Reserve Statistical Release on or closest to August 1 of each year plus 60 basis points.
- d) The recovery mechanisms defined herein shall, at the utility's option, be available to each utility in addition to, and not a replacement of, any recovery mechanism which may otherwise be available to each utility.